

ABSTRACT OF THE DISCLOSURE

A method is employed to impound funds from merchant sales electronically in an escrow account for later use such as payment of associated sales taxes. An electronic funds processor (EFP) determines escrow information for credit/debit card charge payment requests made by the merchant via a credit/debit card terminal, forwards the requests to one or more credit/debit card issuers, extracts an escrow amount from payments made by the issuers to the merchant, and credits an escrow account of the merchant with the extracted amounts. An escrow agent periodically makes payments from the escrow account, and provides associated reporting to the merchant. The merchant is able to report cash sales via the credit/debit card terminal, and associated escrow amounts are extracted from credit/debit card payments or from another merchant account.